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# *Beam*

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Crafting the Spirits that Stir the World

Beam Inc. 2011 Annual Review



*In October 2011, Beam celebrated its debut on the New York Stock Exchange as a leading standalone spirits company. Formerly Fortune Brands, we're now sharply focused on one consumer category: spirits. And we're determined, above all else, to do one thing: maximize long-term value for our shareholders.*

- \* #4 premium spirits company in the world
- \* Largest U.S.-based spirits company
- \* 2011 sales: \$2.8 billion (including excise tax)
- \* 2011 volume: 34 million 9-liter equivalent cases
- \* Employees: 3,200 worldwide

**POWER BRANDS:** Jim Beam Bourbon, Maker's Mark Bourbon, Sauza Tequila, Courvoisier Cognac, Canadian Club Whiskey, Teacher's Scotch

**RIISING STAR BRANDS:** Skinnygirl Cocktails, Cruzan Rum, Laphroaig Single-Malt Scotch, Knob Creek Bourbon, Basil Hayden's Bourbon, Kilbeggan Irish Whiskey, Hornitos Tequila, EFFEN Vodka, Pucker Flavored Vodka, Sourz Liqueur

**OUR VISION:** Crafting the Spirits that Stir the World

**Letter to Shareholders 3 Creating Famous Brands 6 Building Winning Markets 10 Fueling Our Growth 14 Doing Business the Beam Way 18 Financial Highlights 22 Leadership 24 Corporate Data inside back cover**



**B**EAM IS A LEADER IN THE DYNAMIC  
GLOBAL SPIRITS INDUSTRY ...  
WITH 217 YEARS OF HERITAGE ...  
AND THE ENERGY OF A START-UP.

OUR UNIQUE COMBINATION OF SCALE WITH  
AGILITY, AND OUR FOCUSED STRATEGY,  
POSITION US WELL TO OUTPERFORM OUR  
MARKET AND CONSISTENTLY DELIVER STRONG,  
PROFITABLE, LONG-TERM GROWTH.

LEARN MORE ABOUT HOW WE'VE POSITIONED  
THE NEW BEAM TO BE A LEADING PURE-PLAY  
SPIRITS COMPANY ... AND HOW OUR STRATEGY,  
OUR PEOPLE, AND OUR PASSION TO WIN ARE  
DELIVERING RESULTS TODAY ... AND ENHANCING  
OUR PROSPECTS FOR TOMORROW.

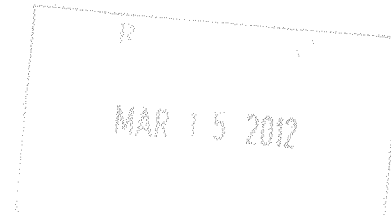




**David Mackay**  
*Chairman (left)*

**Matt Shattock**  
*President &  
Chief Executive Officer (right)*





**T**WO THOUSAND ELEVEN WAS A HISTORIC YEAR FOR BEAM. WE ESTABLISHED BEAM AS A FOCUSED STANDALONE SPIRITS COMPANY. BEAM SIGNIFICANTLY OUTPERFORMED IN THE MARKETPLACE. AND OUR STRATEGY PRIMED THE COMPANY FOR SUSTAINABLE, PROFITABLE LONG-TERM GROWTH.

On October 3rd, 2011, Fortune Brands completed the plan to separate its businesses announced the prior December. On October 4th, having divested the golf unit and spun off the Home & Security business, Fortune Brands became known as Beam and began trading on the New York Stock Exchange as one of the world's leading premium spirits companies.

Beam is a company steeped in heritage and anchored in authenticity. Jacob Beam filled his first barrel of bourbon in 1795 in the wilds of Kentucky, and many of our brands have heritages that date back centuries. Even so, our journey to becoming a stand-alone company really began about six years ago. During that time, a series of deliberate strategic choices and investments positioned Beam very well for success as a pure-play spirits company.

**FIRST, FROM 2005 TO 2007**, we transformed our portfolio. With the acquisition of Allied Domecq brands in 2005, we doubled in size and added many of our top brands. In fact, we've added 12 of our top 16 brands in just the past six and a half years.

**FROM 2008 TO 2009**, we enhanced our routes to market. Establishing a global distribution structure based on fully-owned sales organizations augmented by strategic partnerships brought us closer to customers and consumers. As a result, we now directly control organizations responsible for 75% of our sales, up from just 8%.

**AND IN 2010 AND 2011**, we turbocharged our brand-building investments. In these two years, we boosted brand expenditure about 30% and focused it behind our Power Brands and Rising Stars to support

impactful brand communication and new-product innovations.

These strategic choices formed the strong foundation on which Beam is now building. We're the world's fourth largest premium spirits company, and the largest based in the United States. We own some of the world's most dynamic brands in the spirits industry's most exciting categories. And we have an organization that's built to win.

#### **The Advantage of Scale with Agility**

Our confidence in the future is further underpinned by powerful competitive strengths: We believe we have a unique combination of "Scale with Agility" that gives us a distinct competitive advantage. By that I mean we have the size to lead in key categories and markets, as well as the speed of an empowered organization that's entrepreneurial, focused, and fast on its feet.

We leverage our fundamental strengths through a simple and effective strategy that continues to focus on our three priorities, which we highlight in this annual review:

**CREATING FAMOUS BRANDS** – building our core equities and accelerating growth through brand-building innovation.

**BUILDING WINNING MARKETS** – leveraging our powerful distribution network, enhanced customer relationships and local consumer activation to strengthen performance across our three geographic regions.

**FUELING OUR GROWTH** – exercising disciplined cost management, optimizing our supply chains, and enhancing organizational effectiveness.







*"We generate excellent free cash flow and continue to enhance our strong balance sheet and financial flexibility. Our solid capital structure reflects the inherent strengths of Beam, as well as the benefits of the separation of Fortune Brands' businesses."*

**Bob Probst**

*Chief Financial Officer*

Our investments in R&D, and the benefit of our scale with agility, have given us a competitive advantage in speed to market. As a result, innovations like Pucker Flavored Vodka, Knob Creek Single Barrel Reserve, Courvoisier Rosé and Canadian Club RTD products are going from drawing board to store shelf faster than ever.

We further enhance our growth profile with carefully targeted strategic moves. These include high-return acquisitions that strengthen our portfolio, and strategic distribution alliances that amplify our scale in key markets.

In March 2011, we were pleased to acquire the Skinnygirl ready-to-serve cocktails brand, which we rapidly turned into one of the industry's best 2011 success stories. We moved quickly to expand distribution, capitalize on cost synergies, extend the Skinnygirl line with innovations, and roll out the brand into its first international markets, all in just a matter of months. In December, we announced our entrance into the attractive Irish whiskey category with the acquisition of Cooley, the last remaining independent producer of Irish whiskey. With these two synergy-driven purchases, we've established excellent positions in two of the most dynamic growth categories, while continuing to outperform in our growing heartland category of bourbon.

Route-to-market alliances are critical to help build winning markets and strengthen our distribution capabilities and footprint. Our mutually beneficial strategic relationships with our largest U.S. distributors — where we've aligned our sales organization by distributor — are a fine example of this strategy in action. In 2011, we established an enhanced long-term manufacturing and distribution agreement with Coca-Cola Amatil in Australia. This partnership in our second largest market leverages CCA's unrivaled customer reach and expertise, and our consumer understanding, to drive profitable growth for both of us. And to enhance our position in key developing markets, we established new distribution alliances in China and Mexico, and extended our successful arrangements in Brazil.

#### **Establishing a New Board**

As a standalone spirits company, Beam constituted a new Board of Directors in 2011 that now includes five directors from the Fortune Brands board. David Mackay, former CEO of Kellogg Company and a Fortune Brands director, became non-executive chairman of Beam. We were also pleased to add two highly experienced and respected executives to our Board: Steve Golsby, CEO of Mead Johnson Nutrition, and Rob Steele, former vice chairman of Procter & Gamble.

#### **Confidence in the Future**

As we look ahead, we do so with confidence. Our prospects are bolstered by our brands which occupy strong premium positions in an attractive industry, our growth strategy, our strong balance sheet and attractive cash flows, and by our most valuable asset — our people, who share a common commitment to doing business the Beam way: promoting responsible use of our products, protecting the environment, making our communities better, and beating the competition.

We see a bright and prosperous future as a leader in the dynamic spirits industry. We value the confidence you have demonstrated in Beam through your ownership of our stock, and we aim to continually reward that confidence by focusing on two things: our vision to Craft the Spirits that Stir the World ... and our commitment to you to create long-term shareholder value.

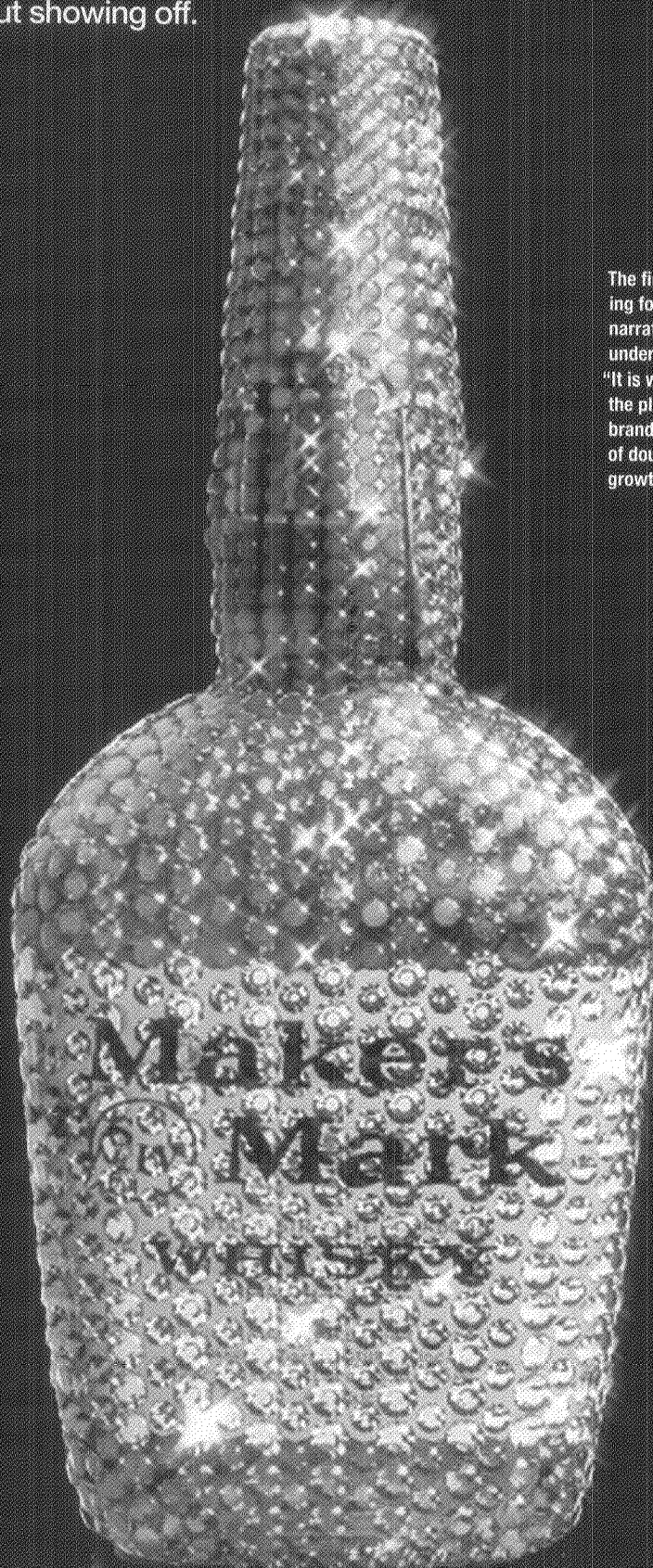
Sincerely,

**Matt Shattock**

*President and Chief Executive Officer  
Beam Inc.*

*February 22, 2012*

It isn't about showing off.



The first-ever TV advertising for **Maker's Mark**, narrated by Jimmy Fallon, underscored the message "It is what it isn't" ... and the playful spots helped the brand deliver another year of double-digit sales growth.



## CREATING *famous* BRANDS

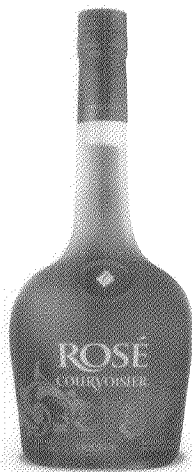
**G**REAT BRANDS DON'T JUST HAPPEN. THEY'RE CAREFULLY CRAFTED, BUILT, AND NURTURED. THAT'S WHY WE TURBOCHARGED INVESTMENT BEHIND OUR BRANDS OVER THE PAST TWO YEARS ... TO BUILD OUR CORE BRAND EQUITIES AND INSPIRE GREATER CONSUMER DEMAND. THROUGH CREATIVE MARKETING AND BEST-IN-CLASS INNOVATION, WE'RE CREATING FAMOUS BRANDS ... EXCITING CONSUMERS ... AND BUILDING PLATFORMS FOR PROFITABLE LONG-TERM GROWTH.



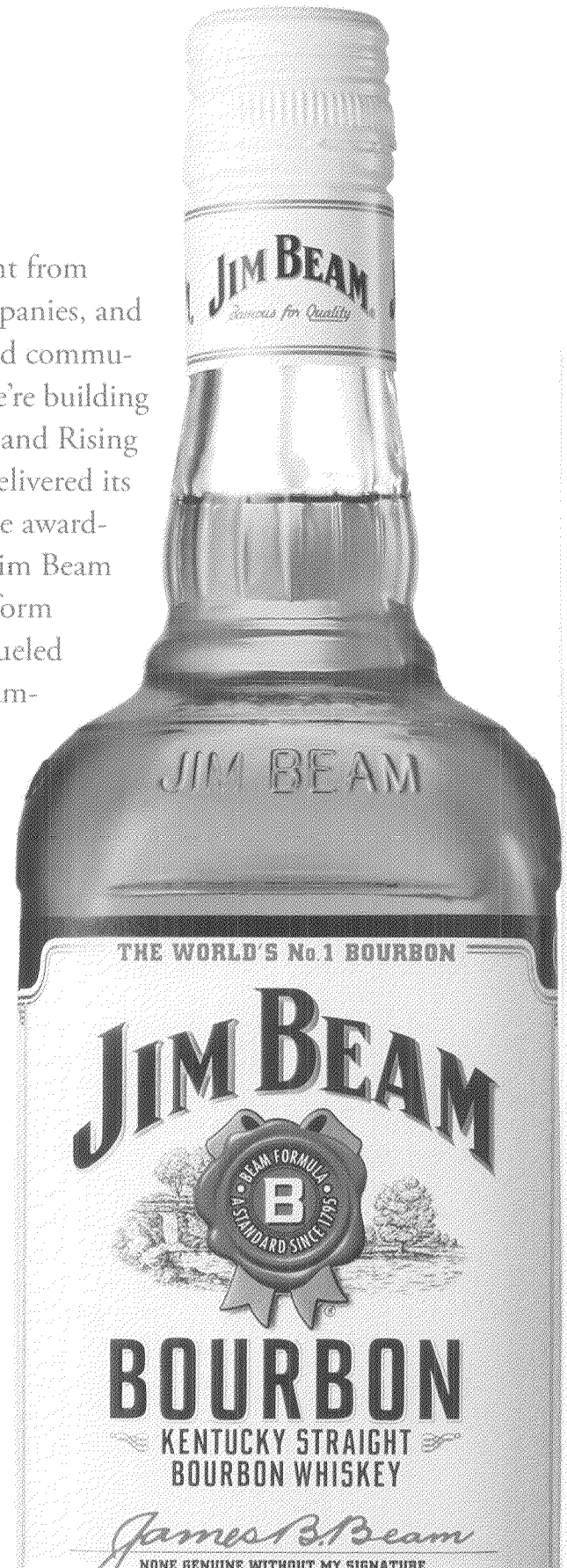
*"Our innovations have revolutionized the bourbon category, helping us gain profitable market share and make bourbon the fastest growing of the five largest spirits categories in the U.S. in 2011."*

**Bill Newlands**  
*President, North America*

**B**y attracting marketing talent from strong brand-building companies, and investing in impactful brand communication and innovation, we're building the core equities of our Power Brands and Rising Stars. Our flagship Jim Beam brand delivered its strongest U.S. growth in years with the award-winning Bold Choice campaign, the Jim Beam Live Music Series, and our multi-platform partnership with ESPN ... while we fueled further growth with locally relevant campaigns in key markets like Australia and Germany. We launched the first-ever TV campaign for Maker's Mark, and our investments in new products delivered a record year of sales from innovations. Our Power Brands grew 9% in 2011.



**Courvoisier Rosé** is a lower alcohol blend of cognac with French red wine that's creating new cognac occasions and attracting female consumers to the Courvoisier brand.





**SEVEN GENERATIONS  
OF THE BEAM FAMILY**



JACOB BEAM  
1770 - 1834



DAVID BEAM  
1802 - 1884



DAVID M. BEAM  
1833 - 1913



COLMAN  
JAMES B. BEAM  
1804 - 1947



T. JEREMIAH BEAM  
1800 - 1977



HOOKER NOE  
1920 - 2004



FRED NOE  
1957 - PRESENT

Consumers appreciate brands with **heritage** ... **craftsmanship** ... and **authentic** stories. Our flagship brand is overseen by Fred Noe, a seventh generation Beam family distiller, and Maker's Mark is produced by the eight generation of Samuels family whiskey-makers – just two of our brands that are aged with care ... and whose histories are measured in centuries.



The “angel’s share” is the bourbon that evaporates during aging. The “devil’s cut” is the rich, flavorful bourbon trapped inside the wood of the barrel. We use a proprietary process to unleash this precious spirit ... and the result is **Devil’s Cut**, a unique innovation that’s turning heads and expanding the Jim Beam franchise.



Our ability to energize our markets with new products is supported by our industry-leading **R&D** capabilities ... the **craftsmanship** that resides in our distilleries around the world ... and what we believe are the best innovation **cycle times** in the industry.



*“Through impactful marketing, we seek to create brilliant brand experiences for our consumers that they want to share with others. As a result, new consumers are discovering our brands every day.”*

**Kevin George**

*SVP, Global Chief Marketing Officer*

We're accelerating growth by bringing successful innovations to new markets. **Red Stag** doubled our expectations in **Germany**, one of 22 markets we've already enriched with this fast-growing cherry-infused bourbon.

EIN GUTES REVIER  
ERKENNT MAN  
AN DER TRÄNKE.

drink  
smart

A DIFFERENT BREED  
OF BOURBON.

[www.RedStag.de](http://www.RedStag.de)

Red Stag by Jim Beam Infused with Natural Flavors, Alc. 40% Vol.





## BUILDING *winning* MARKETS

**C**ONSUMER DEMAND FOR PREMIUM SPIRITS IS GROWING AROUND THE WORLD ... AND WE'RE DETERMINED TO GROW EVEN FASTER. OUR POWER BRANDS HAVE GLOBAL APPEAL — FROM MANHATTAN TO MUNICH, FROM SYDNEY TO SAO PAULO, AND VIRTUALLY EVERYWHERE IN BETWEEN. AND OUR RISING STARS AND LOCAL JEWELS BOOST OUR PRESENCE IN KEY MARKETS. OUR COMBINATION OF SCALE WITH AGILITY HELPS US DEVELOP OUR MOST PROMISING OPPORTUNITIES IN BOTH MATURE AND EMERGING MARKETS. BY ESTABLISHING DISTRIBUTION PARTNERSHIPS IN SELECT MARKETS, BRINGING INNOVATIONS TO NEW MARKETS, AND ENTERING NEW SPIRITS CATEGORIES, WE'RE WINNING THE HEARTS AND MINDS OF CONSUMERS ... MORE OFTEN ... IN MORE PLACES.



*"Our agility enables us to roll out our best ideas — including brand activation programs and new products — rapidly across international markets, strengthening our growth profile from Germany to Russia to South Africa."*

**Albert Baladi**

*President, Europe/Middle East/Africa*

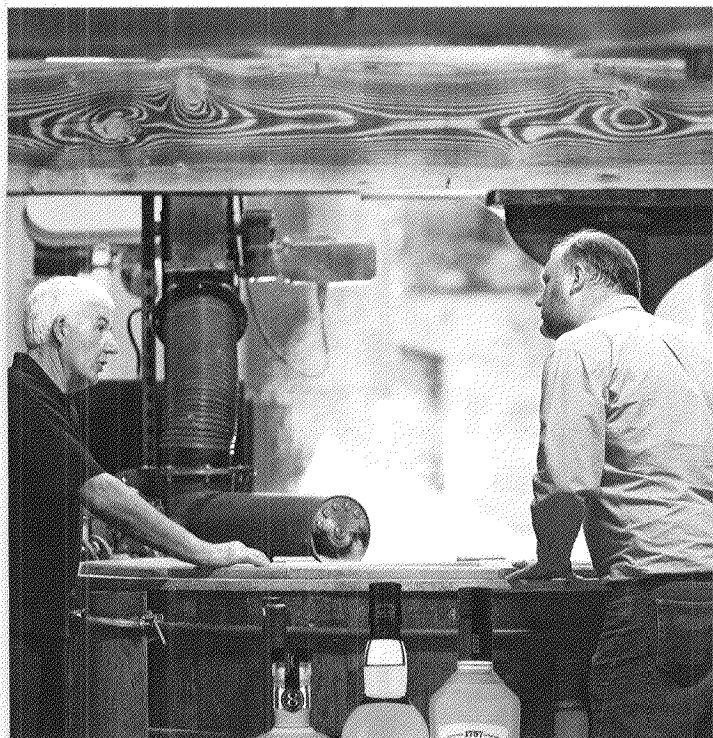
**M**ore and more, we're translating global brand positioning into powerful local market activation ... to engage consumers better and build winning markets. By leveraging our consumer insights, we're providing drink solutions that enable consumers to experience our brands in new ways. The trends of convenience and refreshment support strong growth for our premium ready-to-drink products, which are important building blocks for our Power Brands in markets as diverse as Australia, India, Germany and Canada.



Our powerful route-to-market partnership strengthens **Jim Beam's** position as the #1 spirits brand in **Australia** ... and backed by creative local activation, **Canadian Club** RTD products continue to tap into beer occasions and win market share as the fastest-growing RTD brand Down Under.

**Teacher's** is the #1 Scotch Whisky in **India**, and we've built it into one of the strongest and most respected brands in this important emerging market. We're successfully building the profile of Teacher's in India through premium innovations, new RTD products, and the Teacher's Achievement Awards, one of the annual highlights of India's social calendar.





The acquisition of **Cooley Distillery** marks our entrance into the fast-growing **Irish Whiskey** category. With hand-crafted brands known for their superior quality, Cooley has been named European Spirits Producer of the Year for an unprecedented four consecutive years by the International Wine & Spirit Competition.



*"We amplify our scale in select markets by aligning with key strategic partners. That includes teaming up with Coca-Cola Amatil to strengthen our industry-leading distribution footprint in Australia, where Jim Beam is the #1 spirit of any kind."*

**Phil Baldock**

*President, Asia Pacific/South America*



We aim to drive 25% of our sales growth by expanding Power Brands in **emerging markets**. Our locally-relevant brand-building initiatives behind **Jim Beam**, **Courvoisier** and **Sauza** made **Russia** one of our fastest growing markets in 2011.



**Skinnygirl**

COCKTAILS

**Skinnygirl Cocktails** gives us a leading position in the fast-growing **ready-to-serve spirits** category ... and a strong platform for innovation and international expansion. In its first year in our portfolio, Skinnygirl was one of the fastest-growing spirits brands in the **United States**.



Our center of excellence in Frankfort, Kentucky provides us with a competitive cost base and enhanced innovation capability to address the evolving needs of our consumers and customers.



## FUELING *our* GROWTH

**W**E ENHANCE PROFITABLE GROWTH BY CONTAINING COSTS, ORGANIZING OURSELVES EFFICIENTLY, AND WORKING SMARTER. WE'RE DRIVING LEAN MANUFACTURING TECHNIQUES DEEPER INTO OUR ORGANIZATION ... INCREASING EFFECTIVENESS WITH CROSS-FUNCTIONAL BUSINESS TEAMS ... AND UNLEASHING OUR ENTREPRENEURIAL SPIRIT BY PUSHING DECISION-MAKING CLOSER TO CUSTOMERS AND CONSUMERS. AND BY OPTIMIZING OUR SUPPLY CHAINS AND STEADILY REDUCING OUR COSTS, WE'RE ABLE TO REINVEST VALUABLE RESOURCES TO GROW OUR BRANDS AROUND THE WORLD.








*"Efficiency is a way of life at Beam. We try to be leaner, smarter and faster – to reduce costs, improve supply chains and be more responsive to customers."*

**Ian Gourlay**

*SVP, Global Operations & Supply Chain*

**T**o offset cost inflation and generate fuel to invest in growth, we aim to achieve 1-2% annual improvement in our cost structure. Consolidating our U.S. bottling facilities into our expanded center of excellence in Frankfort, Kentucky will help us achieve that goal. With five new bottling lines, this state-of-the-art facility alone will bottle and ship more than 10 million cases of spirits in 2012 ... at a lower average cost per case than in 2011.

**We drive efficiencies** in manufacturing processes that both reduce costs and benefit the environment.

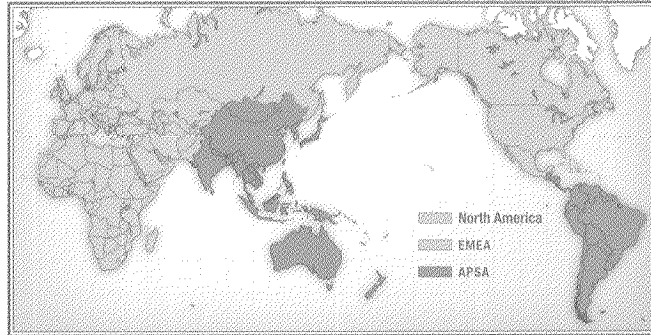
RAJASTHAN INDIA	<b>33%</b>	<b>reduction</b> in water consumption	
SEGOVIA SPAIN	<b>30%</b>	<b>improvement</b> in energy efficiency	
JALISCO MEXICO	<b>99.1%</b>	<b>of organic material removed</b> from process water	
LORETTO KENTUCKY	<b>15%</b>	<b>reduction</b> in non-renewable fuel usage	
ST. CROIX US VIRGIN ISLANDS	<b>0</b>	<b>discharge of molasses by-product upon completion of new wastewater treatment plant</b>	



CASES PRODUCED PER  
FULL-TIME EMPLOYEE



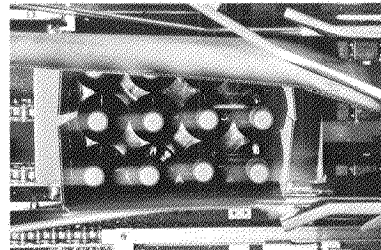
**By streamlining** our operations, we've substantially boosted productivity. In 2011, we produced 23% more cases per full-time employee than in the prior year.



**We've sharpened our marketplace focus** by simplifying our global structure. This streamlining has given us three very profitable operating segments with strong growth profiles, a balance of developed and emerging market exposure, and highly motivated teams committed to outperforming their markets.

**We create more value** for consumers, reduce expenses, and benefit the environment by making packaging improvements that reduce costs for materials and fuel. For example, by materials conversion and trimming weight from certain glass bottles, we've reduced packaging weight by more than 23 million pounds per year.

Redesigning the corrugate boxes in which we ship our products has eliminated more than 5 million pounds of corrugate material per year, further reducing packaging weight, expense and waste.



*"We're now rolling out an initiative across the company called 'One Beam Way' that will bring lean techniques to core processes, and help us create an even more efficient and agile organization."*

**Kent Rose**

*SVP, General Counsel & Secretary*



Confronted by the adversity of massive earthquakes in New Zealand, **John Milne** (left) and **Neil Lowsley** (right) persevered and helped our people, our customers and our business get back on their feet.



## DOING BUSINESS *the* BEAM WAY

**W**E EMPOWER TALENTED PEOPLE WHO MAKE A DIFFERENCE IN OUR BUSINESS AND IN OUR COMMUNITIES. OUR PEOPLE ARE COMMITTED TO OUR SHARED VALUES ... AND CREATING SHAREHOLDER VALUE. QUITE SIMPLY, PEOPLE ARE BEAM'S GREATEST ASSET: PEOPLE WHO ARE PASSIONATE ABOUT OUR BRANDS ... PASSIONATE ABOUT OUR CUSTOMERS AND CONSUMERS ... PASSIONATE ABOUT WINNING ... AND PASSIONATE ABOUT DOING BUSINESS THE RIGHT WAY — THE BEAM WAY.

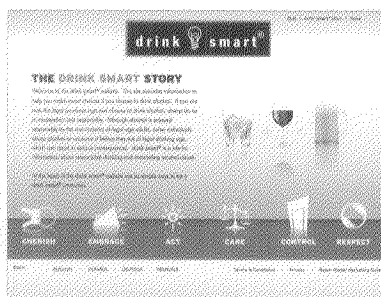


*"People are Beam's winning competitive edge. Our entrepreneurial culture enables us to be fast on our feet, innovative, and focused on beating the competition together."*

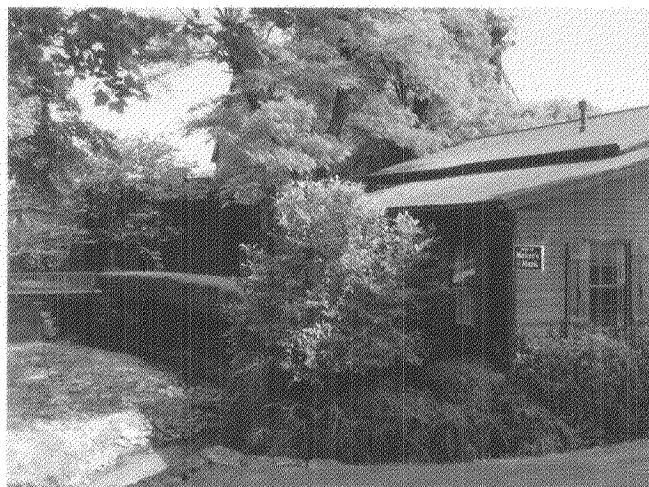
**Mindy Mackenzie**

*SVP, Chief Human Resources Officer*

**D**oing business the Beam way is anchored in an uncompromising commitment to the values that define who we are as a company: *integrity, accountability, and responsibility* in everything we do. From combating alcohol misuse to leading in responsible marketing ... from protecting the environment to supporting our communities ... we are determined to live up to the high standards that befit our brands and our leadership position in our industry.



**DrinkSmart** is Beam's proprietary platform to communicate with legal-purchase-age adults about making responsible choices when it comes to alcohol. DrinkSmart is pervasive in our marketing materials and available as a worldwide resource in multiple languages at [www.drinksmart.com](http://www.drinksmart.com).



**Our brands depend on natural resources** like water and grain, and our longstanding commitment to environmental sustainability runs deep. We've invested in significant energy co-generation projects and wastewater treatment systems, and our operations consistently earn recognition for their efforts. For example, Maker's Mark earned the Kentucky Business Conservation Partner Award and Sauza's environmental stewardship has been recognized by Mexico's Ministry of Environment and Natural Resources. We meet the highest environmental standards with ISO 14001 certification across our production facilities.



### *Effectiveness of DWI Courts buoys hopes of success here*

Reckless. It's a hard word for one to say, and it's only used in the context of repeat drunk driving offenders. But it's a word that's been used by judges in the past.

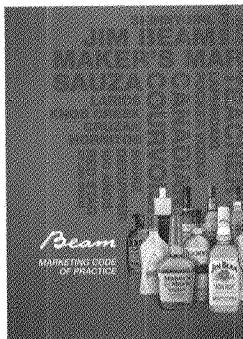
### *Sobriety Court in Michigan Sets High Standard*

HOLLAND, Mich. (AP) — Holland Circuit Court is about to become a missing ground. The court's sobriety court program is set to open in the near future, and it will be the first of its kind in the state.

### *Denver's new sobriety court aims to stem repeat drunk driving offenders*

A man clad in a yellow jumpsuit and green handcuffs asked Denver Circuit Court Judge Marc Linder to send him to the county jail. The judge, who is a member of the court's sobriety court program, said he would not do so.

**Beam combats drunk driving** by investing in evidenced-based programs that work. By supporting the expansion of DWI Courts that address the biggest problem — hard-core drunk drivers — Beam is helping make roads safer ... and save lives.



**We restrict our U.S. advertising** to outlets — including social media — where we can verify that at least 75% of the audience is age 21 or older, setting the industry standard in our largest market for limiting exposure of advertising to young people.



**Our people** are just as passionate about enriching our communities as they are about building our brands. Through our Beam Cares volunteerism program, associates around the world can devote two paid work days per year to give back to our communities.



*"We're proud that Beam is recognized as an industry leader in combating alcohol misuse. By working with key stakeholders, we're determined to continue building on the progress that's being made on so many fronts."*

### **Clarkson Hine**

*SVP, Corporate Communications & Public Affairs*

# ADJUSTED PRO FORMA FINANCIAL INFORMATION (UNAUDITED)

(In millions, except per share amounts)	Year Ended December 31,		% Change
	2011	2010	
<b>Sales</b>	\$2,825.4	\$2,665.9	
Less: Excise taxes	560.6	571.0	
<b>Net sales</b>	2,264.8	2,094.9	8.1%
Cost of goods sold	949.5	861.4	10.2%
<b>Gross profit</b>	1,315.3	1,233.5	6.6%
Advertising and marketing	358.7	307.6	16.6%
Selling, general and administrative	368.1	357.3	3.0%
Amortization of intangible assets	16.3	16.3	—
<b>Operating income</b>	572.2	552.3	3.6%
Interest expense	119.9	153.6	-21.9%
Other (income) expense, net	(3.1)	4.0	
<b>Income from continuing operations before income taxes</b>	455.4	394.7	15.4%
Income taxes	120.9	98.7	22.5%
<b>Income from continuing operations</b>	<u>\$ 334.5</u>	<u>\$ 296.0</u>	13.0%
<b>Diluted earnings per share</b>	<u>\$ 2.12</u>	<u>\$ 1.92</u>	10.4%
<b>Diluted weighted-average common shares</b>	157.8	154.3	

## Reconciliation of Adjusted Pro Forma Financial Information to GAAP

The adjusted pro forma financial information presented above is unaudited and has been derived from the Company's consolidated financial statements prepared in accordance with GAAP. The adjusted pro forma financial information represents the Company's GAAP results from continuing operations adjusted (1) for charges/gains, including restructuring and related charges, asset impairments, gain/loss on sale of brand assets and other select items, which management believes are not indicative of the Company's underlying performance for purposes of analysis of the Company's performance on a year-over-year basis and (2) to assume that Beam Inc. was a standalone spirits company as of January 1, 2010, including the impact of public company corporate expense, the business's underlying tax rate, and the benefit of the debt reduction associated with the separation of Fortune Brands' businesses.

The adjusted pro forma financial information is not prepared in accordance with GAAP. Management believes that this non-GAAP information is useful for improving comparability of the Company's results and assessing performance. Reconciliations of this non-GAAP information to the most closely comparable GAAP measures are presented on the following page. Additional information regarding the adjustments used to prepare this adjusted pro forma financial information is presented in the financial tables attached to our press release announcing results for the fourth quarter and full year of 2011, which can be found under the "News" tab on our website ([www.beamglobal.com](http://www.beamglobal.com)).

## RECONCILIATION OF GAAP NET SALES GROWTH TO COMPARABLE NET SALES GROWTH (UNAUDITED)

	GAAP Basis	Foreign Currency Exchange Rates	Australia Distribution Agreement Change	Australia Distribution Margin Structure	Acquisitions/ Divestitures	Non-GAAP – Comparable Basis
<b>Power Brands</b>	12%	(3)%	(3)%	3%	—	9%
Jim Beam	10	(5)	(4)	6	—	7
Maker's Mark	15	(1)	—	—	—	14
Sauza	—	(2)	—	—	—	(2)
Courvoisier	23	(2)	(2)	—	—	19
Canadian Club	13	(5)	(4)	1	—	5
Teacher's	14	—	(1)	—	—	13
<b>Rising Stars</b>	52	(2)	—	—	(8)%	42
Laphroaig	17	(4)	(1)	1	—	13
Knob Creek	20	—	—	—	—	20
Basil Hayden	30	—	(4)	1	—	27
Cruzan	9	—	(1)	—	—	8
Hornitos	1	(1)	—	—	—	—
EFFEN	28	—	—	—	—	28
Pucker Vodka	new	—	—	—	—	new
Skinnygirl	—	—	—	—	486	486
Sourz	15	(5)	—	—	—	10
<b>Local Jewels</b>	(2)	(3)	—	—	—	(5)
<b>Value Creators</b>	(4)	(3)	(2)	1	7	(1)
<b>Net sales</b>	10	(3)	(2)	2	1	8

Comparable net sales growth rate represents the percentage increase or decrease in reported net sales in accordance with GAAP, adjusted for certain items. The Company believes Comparable Net Sales Growth is useful in evaluating the Company's sales growth on a year-over-year basis exclusive of items that are not indicative of the brand's performance, such as foreign exchange impacts, acquisitions/divestitures, the one-time impact on net sales of transitioning to the new Australia distribution agreement, as well as the related impact on margin structure.



**RECONCILIATION OF ADJUSTED PRO FORMA FINANCIAL INFORMATION  
TO GAAP (UNAUDITED)**

(In millions, except per share amounts)	Year Ended December 31, 2011				Year Ended December 31, 2010			
	GAAP	Separation- Related Items <sup>(a)</sup>	Select Charges/ Gains <sup>(b)</sup>	Adjusted Pro Forma	GAAP	Separation- Related Items <sup>(c)</sup>	Select Charges/ Gains <sup>(d)</sup>	Adjusted Pro Forma
<b>Net sales</b>	\$2,311.1	\$ —	\$(46.3)	\$2,264.8	\$2,094.9	\$ —	\$ —	\$2,094.9
Cost of goods sold	987.8	—	(38.3)	949.5	865.0	—	(3.6)	861.4
Advertising and marketing	358.7	—	—	358.7	307.6	—	—	307.6
Selling, general and administrative (SG&A)	430.0	(36.0)	(25.9)	368.1	416.1	(51.9)	(6.9)	357.3
Amortization of intangible assets	16.3	—	—	16.3	16.3	—	—	16.3
Restructuring, asset impairment, business separation and loss on asset sale	122.8	(83.8)	(39.0)	—	33.7	(2.3)	(31.4)	—
<b>Operating income</b>	395.5	119.8	56.9	572.2	456.2	54.2	41.9	552.3
Interest expense <sup>(e)</sup>	117.4	2.5	—	119.9	143.7	9.9	—	153.6
Loss on early extinguishment of debt	149.2	(149.2)	—	—	—	—	—	—
Other (income) expense, net	(40.4)	—	37.3	(3.1)	(33.2)	—	37.2	4.0
<b>Income from continuing operations before income taxes</b>	169.3	266.5	19.6	455.4	345.7	44.3	4.7	394.7
Income taxes <sup>(e)</sup>	30.4	90.5	—	120.9	36.2	62.5	—	98.7
<b>Income from continuing operations</b>	<u>\$ 138.9</u>	<u>\$ 181.6</u>	<u>\$ 19.6</u>	<u>\$ 334.5</u>	<u>\$ 309.5</u>	<u>\$(18.2)</u>	<u>\$ 4.7</u>	<u>\$ 296.0</u>
<b>Diluted earnings per share – continuing operations</b>	<u>\$ 0.85</u>	<u>\$ 1.27</u>	<u>\$ —</u>	<u>\$ 2.12</u>	<u>\$ 2.01</u>	<u>\$(0.09)</u>	<u>\$ —</u>	<u>\$ 1.92</u>

(dollar amounts in footnotes in millions)

- (a) Includes adjustments of \$36 to adjust to Beam standalone corporate cost structure and \$83.8 to eliminate separation-related charges (legal, financial advisory fees, etc.). The adjustment of \$149.2 is to eliminate the loss on the debt extinguishments related to the separation activities.
- (b) Net sales and cost of goods sold include reductions of \$46.3 and \$22.7, respectively, for the one-time impact of our new Australia distributor agreement. The additional cost of goods sold adjustments of \$13.6 are primarily related to restructuring initiatives. The SG&A adjustments are primarily due to acquisition-related contingent consideration of \$25. Additional operating expense adjustments of \$39 include \$7.7 for restructuring charges and \$31.3 for trade name impairments. Other income (expense) adjustments of \$37.3 are to eliminate a joint venture distribution gain (\$10.2) and a tax indemnification received by Beam (\$27.1).
- (c) Includes adjustments of \$51.9 to adjust to Beam standalone corporate cost structure and \$2.3 to eliminate separation-related charges (legal, financial advisory fees, etc.).
- (d) Cost of goods sold and SG&A include \$3.6 and \$6.9, respectively, related to restructuring initiatives. Additional operating expense adjustments of \$31.4 include \$15.4 for restructuring initiatives and \$16 for the loss on the sale of brand assets. Other (income) expense includes the elimination of a credit of a \$13.2 related to tax indemnifications.
- (e) Standalone company adjustments as described in the note preceding the reconciliation table.

## BOARD OF DIRECTORS

### David Mackay

*(Non-Executive Chairman)  
Former Chief Executive  
Officer, Kellogg Company*

### Richard Goldstein

*Former Chairman &  
Chief Executive Officer  
International Flavors  
and Fragrances, Inc.*

### Stephen Golsby

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Executive Officer  
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Company*

### Ann Fritz Hackett

*President  
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### Matt Shattock

*President & Chief  
Executive Officer  
Beam Inc.*

### Robert Steele

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Global Health and  
Well Being  
Procter & Gamble*

### Anne Tatlock

*Former Chairman &  
Chief Executive Officer  
Fiduciary Trust Company  
International*

### Peter Wilson

*Former Chairman  
Gallagher Group Plc*

## EXECUTIVE LEADERSHIP TEAM

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Chief Executive Officer*

### Bob Probst

*SVP, Chief Financial  
Officer*

### Bill Newlands

*President, North America*

### Albert Baladi

*President, Europe/Middle  
East/Africa (EMEA)*

### Phil Baldock

*President, Asia Pacific/  
South America (APSA)*

### Donard Gaynor

*SVP, Corporate  
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### Kevin George

*SVP, Global Chief  
Marketing Officer*

### Ian Gourlay

*SVP, Global Operations &  
Supply Chain*

### Clarkson Hine

*SVP, Corporate  
Communications &  
Public Affairs*

### Mindy Mackenzie

*SVP, Chief Human  
Resources Officer*

### Kent Rose

*SVP, General Counsel &  
Secretary*

## LEADING BRANDS

### Bourbon

*Jim Beam, Maker's Mark,  
Devil's Cut, Red Stag,  
by Jim Beam, Knob Creek,  
Booker's, Baker's, Basil  
Hayden's, Jim Beam 1795,  
Old Grand-Dad,  
Old Crow*

### Blended Whisky/ Whiskey

*Canadian Club,  
Teacher's, Kilbeggan,  
Whisky NYC, Jim Beam  
Rye, Old Overholt,  
Windsor, Lord Calvert,*

*Alberta Premium,  
Canada House, Kessler,  
Calvert Extra*

### Single Malt

*Laphroaig, Ardlmore,  
Connemara, Tyrconnell*

### Single Grain

*Greenore*

### Tequila

*Tres Generaciones,  
100 Años, Hornitos,  
Sauza, El Tesoro*

### Cognac

*Courvoisier, Salignac*

### Rum

*Cruzan, Ronrico,  
Conch Republic*

### Vodka

*EFFEN, Vos,  
Pucker Flavored Vodka,  
Wolfschmidt,  
Kamchatka, Gilbey's*

### Cordials & Liqueurs

*DeKuyper, Sourz,  
After Shock, Crave,  
O3, Thatcher's, Leroux,  
Kamoni, Castellana*

### Gin

*Larios, Gilbey's, Calvert*

### Brandy and Sherry

*Harveys, Fundador, Terry  
Centenario, Tres Cepas*

### Ready-to-Drink/ Ready-to-Serve

*Skinnygirl Cocktails,  
Jim Beam pre-mixed  
drinks, Canadian Club  
pre-mixed drinks,  
Teacher's pre-mixed drinks*

*Complete brand listing at  
[beaminglobal.com](http://beaminglobal.com)*



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2711 Centerville Road  
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**Common Stock**

Beam common stock is listed on the New York Stock Exchange. Our trading symbol is BEAM.

**Annual Meeting**

The Annual Meeting of Stockholders will take place on Tuesday, April 24, 2012 at 1:30 p.m. (CDT) at The Renaissance Chicago North Shore Hotel  
933 Skokie Boulevard  
Northbrook, IL 60062

**Transfer Agent for Common Stock and Preferred Stock**

Wells Fargo Shareowner Services  
P.O. Box 64874  
St. Paul, MN 55164-0874  
1-800-225-2719

**Quarterly Earnings, News Releases and Corporate Publications**

[www.beamglobal.com](http://www.beamglobal.com)

**SEC Filings**

The distribution of this Annual Review with respect to our 2012 Annual Meeting of Stockholders is accompanied by a copy of our Annual Report on Form 10-K as filed with the SEC for the last fiscal year. You may also view electronic copies of our Annual Report on Form 10-K and other documents that we file with the SEC on our website, [www.beamglobal.com](http://www.beamglobal.com).

Duplicate mailings of proxy materials to the same address are costly to Beam and may be inconvenient to many stockholders. Securities and Exchange Commission rules allow for the elimination of duplicate reports, provided your request is in writing. Eliminating these duplicate mailings will not affect your dividend or proxy card mailings.

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CHEERS!



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